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ED/EC M-255

July 22, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m., Monday, July 15, 1957
Room 1213 Maiatico

Attendance

MDAC

Mr. Hale, Chairman
Mr. Wight
Mr. Kramer, Executive Secretary
Miss Rector, Committee Secretary

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. George

Defense

Col. Green

ICA

Mr. Slaght

State

Mr. Henderson
Mr. Knoll
Mr. Nelson

Treasury

Mr. Sommerfield

Agenda

Note a. List II Quotas for China.

1. Consideration of Commerce Member's "Action Proposal for Review of Multilateral Security Control Program".
2. NSC/CFEP Assignment to Review Economic Defense Policy.
(Ref. EDAC D-135; EDAC D-135/1)

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Note a: List II Quotas for China.

The Committee discussed, and agreed on the substance of a reply to, POLTO 133. (See TOPOL 136, 7/15/57.)

The Defense member submitted a paper entitled, "Package Quotas for International List II Items for Communist China", based on the GNP concept previously informally suggested by CIA in WG I. It was agreed to consider the Defense paper on July 17 in the light of the USDEL's report of the July 16 CHINCOM discussions, and in advance of having WG I give further consideration to the problem of List II quotas for China. It was noted that some comparison should be made of the quotas which were arrived at under this rationale with those U.S. proposals already submitted to CHINCOM by the USDEL.

1. Consideration of Commerce Member's "Action Proposal for Review of Multilateral Security Control Program".

Decision

It was the consensus:

(1) That the studies proposed by the Commerce member in the subject document in fact constituted a work program under paragraph 9 of the revised draft policy paper, and should be recast by the Commerce member, with the assistance of the Defense member, as a proposed work program for the implementation of paragraph 9 of the revised draft policy paper.

(2) That such a work program would not be inconsistent with the current proposals for wording of paragraph 9.

(3) That the Commerce member's memorandum could serve as a basis for immediately initiating an examination by WG I of all presently available intelligence material, which would be provided by Defense and CIA, with appropriate citations as to the source material, in order to prepare for the EC within a short time an analytical study on the nine groupings listed in para. 2 a (sub-paras. 1 - 9) of the Commerce member's memorandum.

(4) That the Department of Defense should provide to the EC the other studies listed in para. 2 b, sub-paras. 1, 3 & 4, of the Commerce member's memorandum.

(5) That AEC should be requested to give as prompt service as it could in answering the general request contained in para. 2 b, sub-para. 2, of the Commerce member's memorandum.

(6) That another study, in addition to those proposed in the Commerce member's memorandum, consisting of an analysis of the foreign relations problems presented, should be undertaken by State, and that State should propose an outline for such a study for EC consideration.

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Discussion

A memorandum to the Chairman entitled "Action Proposal for Review of Multilateral Security Control Program" was presented for the members' consideration by the Commerce member who called attention to the fact that the memorandum was intended only as a working paper, not as the official view of the Department of Commerce, and that this particular approach was based on the belief that the principal factor on which decision must be made was intelligence information which could be obtained with respect to aspects of the bloc's industrial military economy. He noted that the memorandum asked for a thorough review and the presentation of relevant intelligence on the bloc situation, on the basis of certain broad categories.

The State member said his comments on the paper would be addressed to the general proposal without expressing a position on one of the possibilities (i.e. that we would have a sector approach). If that came out of the exercise, he would have to reserve until he had obtained the views of his agency. He remarked that the reason we had been able previously to achieve a fairly comprehensive control program rather rapidly was that we and all other COCOM members had started with a common estimate of the situation over which we were trying to maintain controls. He felt now that we lacked this common estimate. He would suggest that among these studies, and not least among them, should be a study which would, if possible, find not only what the other PCs estimated the situation now to be but also see if there was a common ground among us which we could use as the basis for an agreed multilateral program of controls. With regard to the proposed time schedule, he noted that he had not discussed it in State, and understood that this was a work paper, not a position paper. However, his comment, as a working level comment, would be that it could not possibly be met.

With reference to the proposal that timing of U.S. proposals be for a CG meeting no earlier than November 15, the Chairman remarked that it seemed to him that we would not be able to hold off PCs' proposals in COCOM for 1958 List II quota arrangements until this date, particularly if the current List II discussions proved extremely difficult (as anticipated) and had to be continued after the recess. It was his judgment that we would have to say something objective and sue for a new approach much earlier than November 15.

The Defense member agreed with State that we had to reexamine the program and determine whether our objectives could be sold, or we had little chance of doing anything on an item basis, or any other basis. He suggested that this was a very important assignment for the State Department.

The Chairman inquired of CIA whether the intelligence review envisaged by para. 2 of the Commerce member's paper was an assignment which the intelligence community could accept and on which they could give some relevant data and studies within a reasonable length of time, the Commerce member having suggested September 15.

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The Defense member reported that much of the information was already available, referring to recently printed intelligence studies, which he noted were available for every country within the Sino-Soviet bloc, and were kept up-to-date by issuance of substitute pages. He saw no difficulty in following the Commerce member's outline of studies. A screening group might be set up to screen the material out and coordinate it properly.

The CIA member shared the views expressed by the Defense member and said he thought the proposal in the Commerce paper reasonable and realistic.

The Chairman stated that the discussion led him to consider the conclusions set forth in Decision, paras. 3, 4, and 5, above. He added that it seemed to him that this project would suspend WG I activity on review of the lists.

The Chairman inquired whether there was agreement that the project as it now seemed to be emerging was a slightly different task from the Commerce proposal, and whether there was agreement that it was compatible with the presently proposed language for paragraph 9 of the revised economic defense policy paper. The State member said it seemed to him that this reflected on para. 21 as well. The Commerce member added that it might provide a rational basis for certain action under that paragraph. The Chairman pointed out his feeling that we certainly should not have anything in the proposal for revision of the basic policy incompatible with the ideas we had for getting the jobs done. Beyond that we should not have in our minds something which was such a departure from the currently understood policy without expressing it in paragraph 9. If in fact it was thought that there would result from this kind of study a revised concept of security controls, it was his judgment that the top policy people would say that paragraph 9 had to be revised, and the Committee should indicate that it planned to propose its revision to meet some new objective. If we put this kind of work program forth for paragraph 9, EDAC should be specifically advised of the results we forecast.

The Commerce member emphasized that his proposal was designed to provide a basis on which any of several approaches might come out, depending on what the facts showed. The State member accepted this, and thought the studies themselves would be useful no matter how they were used, and could be accepted as preparation for a possible CG.

It was the Chairman's view that the Commerce working paper (particularly paragraphs 2 a and b) ought to be revised as a substitute for the present paragraph 9 of the work program as a guide to WG I. (See Decision, paras. 1 and 2, above.) He added that no further assignments, beyond the reviews necessary down through paragraph 3, should be made to WG I prior to consideration of paragraph 4 by the Executive Committee on the basis of the reports WG I would make.

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The Commerce member noted that in addition to this assignment to WG I, an initial assignment to develop background and current status should be addressed to State at this time. State could not go beyond that until we had a clearer idea of alternatives we might propose because those alternatives would have to be viewed against practical policy.

The Chairman suggested that State propose an outline for their study so that the EC could help at least to the extent of indicating its judgment as to whether the direction in which State proposed to make the study was the most useful one. (See Decision, para. 6, above.)

The Commerce member raised the question of the point at which inter-agency agreement was to be obtained. It was the Chairman's view that it would be obtained on the work program paper.

2. NSC/CFEP Assignment to Review Economic Defense Policy.
(Ref. EDAC D-135; EDAC D-135/1)

Report of Activity

The members made certain revisions in paragraphs 2, 10, and the footnote applicable to paragraph 22 of EDAC D-135/1, which would be incorporated in the revision of this document when issued.

Further consideration was given to the Commerce/Defense and State versions of paragraph 9. The Chairman advised that both versions would be included in the revision of EDAC D-135/1 when issued.

The members then directed their attention to the State-proposed paragraph 21 and the Chairman and Commerce members informed the State member of their views on this paragraph. The Defense member was not in a position to comment on this paragraph today in view of a meeting he had planned for the following morning with members of the JCS who, he anticipated, would have changes to propose.

Re the State-proposed paragraph 23, the Chairman reported that he was considering alternative language for this proposal along the following lines: "Revise as appropriate the Control Act Lists to conform with internationally-agreed multilateral control lists applicable to the Sino-Soviet bloc as a whole." He added that this language would perhaps be revised after he had discussed the problem further with the Battle Act administrator and the ICA General Counsel.

Distribution

ED List Parts I & II
WG I (limited)

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